

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

June 30, 2008

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LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Education (Before September, 2007 Election)		
Steven Russell	President	2007
Daniel Cross	Vice President	2008
John Terpstra	Board Member	2008
Tim Dunsbergen	Board Member	2009
Michael Rozendaal	Board Member	2009
Board of Education (After September, 2007 Election)		
John Terpstra	President	2008
Daniel Cross	Vice President	2008
Tim Dunsbergen	Board Member	2009
Michael Rozendaal	Board Member	2009
Matt Jones	Board Member	2011
School Officials		
Duane Willhite	Superintendent	2008
Karla De Cook	Business Manager/District Secretary	2008
Kyle Terpstra	District Treasurer	2008
Brian Gruhn	Attorney	2008



Independent Auditor's Report

To the Board of Education
Lynnvile-Sully Community School District
Lynnvile-Sully, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Lynnvile-Sully Community School District, Lynnvile-Sully, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Lynnvile-Sully Community School District at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 3, 2008 on our consideration of Lynnvile-Sully Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 11 and 36 through 37 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lynnvile-Sully Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2007 (which are not presented herein) and expressed an unqualified opinion on those financial statements. Another auditor previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2005 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

October 3, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Lynnville-Sully Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2008 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,227,769 in fiscal 2007 to \$4,354,836 in fiscal 2008, while General Fund expenditures increased from \$4,101,819 in fiscal 2007 to \$4,382,362 in fiscal 2008. The District's General Fund balance decreased from \$782,742 in fiscal 2007 to \$755,716 in fiscal 2008, a 3.5% decrease.
- The increase in General Fund revenues was attributable to an increase in property tax. The increase in expenditures was due primarily to an increase in the negotiated salary and benefits and increased transportation costs.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Lynnville-Sully Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Lynnville-Sully Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Lynnville-Sully Community School District acts solely as an agent or custodian for the benefit of those outside of the district.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

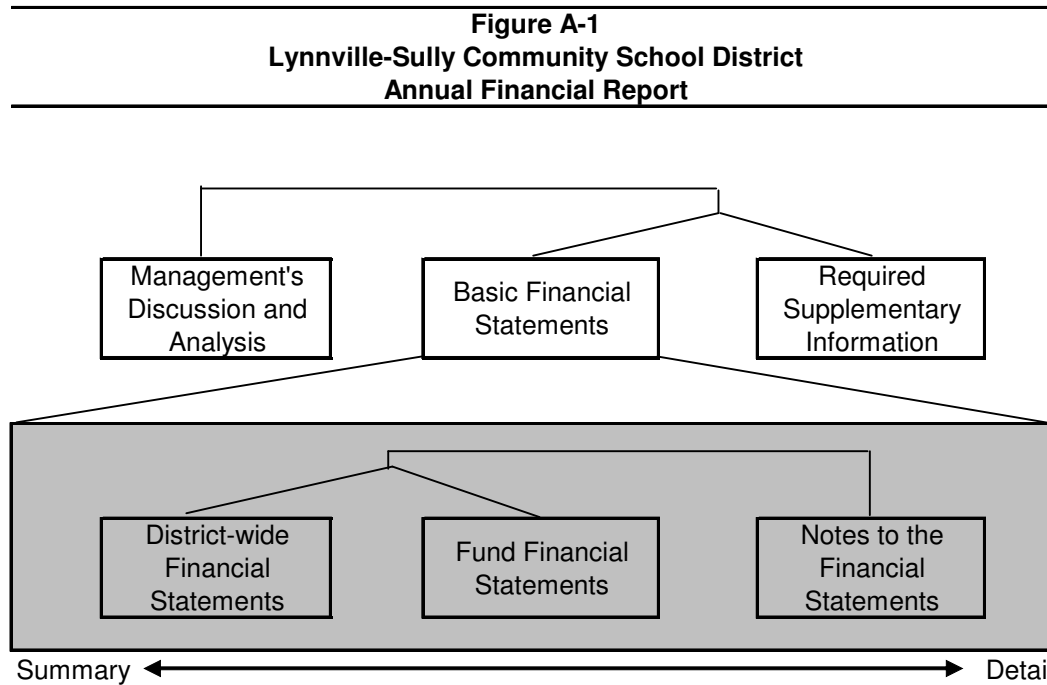


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the District-Wide and Fund Financial Statements			
	District-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the district operates similar to private businesses: food services and adult education
Required Financial Statements	<input type="checkbox"/> Statement of net assets <input type="checkbox"/> Statement of activities	<input type="checkbox"/> Balance Sheet <input type="checkbox"/> Statement of revenues, expenditures, and changes in fund balances	<input type="checkbox"/> Statement of revenues, expenses and changes in fund net assets <input type="checkbox"/> Statement of cash flows <input type="checkbox"/> Statement of net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The district has two kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds*: Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2008 compared to June 30, 2007.

Figure A-3 Condensed Statement of Net Assets (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Current and other assets	\$ 3,759	4,473	57	63	3,816	4,536	-15.9%
Capital assets	4,837	4,887	13	15	4,850	4,902	-1.1%
Total assets	8,596	9,360	70	78	8,666	9,438	-8.2%
Long-term liabilities	2,356	2,524	-	-	2,356	2,524	-6.7%
Other liabilities	2,539	3,384	2	4	2,541	3,388	-25.0%
Total liabilities	4,895	5,908	2	4	4,897	5,912	-17.2%
Net assets:							
Invested in capital assets, net of related debt	2,497	2,417	13	15	2,510	2,432	3.2%
Restricted	448	282	-	-	448	282	58.9%
Unrestricted	756	753	55	59	811	812	-0.1%
Total net assets	\$ 3,701	3,452	68	74	3,769	3,526	6.9%

The District's combined net assets increased by nearly 6.9%, or approximately \$243,000, over the prior year. The largest portion of the District's net assets is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restrict net assets increased approximately \$165,000, or 58.9% over the prior year.

Unrestricted net assets – the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – decreased approximately \$1,000 or .1%.

Figure A-4 shows the change in net assets for the year ended June 30, 2008

Figure A-4 Changes in Net Assets (Expressed in Thousands)						
	Governmental Activities		Business type Activities		Total District	
	Year ended June 30,		Year ended June 30,		Year ended June 30,	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for service	\$ 630	615	159	165	789	780
Operating grants, contributions and restricted interest	720	669	63	66	783	735
Capital grants, contributions and restricted interest	-	25	-	-	-	25
General revenues:						
Property tax	1,805	1,768	-	-	1,805	1,768
Local option sales and service tax	291	263	-	-	291	263
Unrestricted state grants	1,715	1,689	-	-	1,715	1,689
Unrestricted investment earnings	88	90	-	-	88	90
Other	54	86	-	-	54	86
Total revenues	<u>5,303</u>	<u>5,205</u>	<u>222</u>	<u>231</u>	<u>5,525</u>	<u>5,436</u>
Program expenses:						
Governmental activities:						
Instruction	3,257	3,041	-	-	3,257	3,041
Support services	1,454	1,444	-	-	1,454	1,444
Non-instructional programs	1	1	228	221	229	222
Other expenses	342	274	-	-	342	274
Total expenses	<u>5,054</u>	<u>4,760</u>	<u>228</u>	<u>221</u>	<u>5,282</u>	<u>4,981</u>
Change in net assets	<u>\$ 249</u>	<u>445</u>	<u>(6)</u>	<u>10</u>	<u>243</u>	<u>455</u>

In fiscal 2008, property tax and unrestricted state grants account for 66% of the revenue from governmental activities while charges for service and sales and operating grants and contributions account for 100% of the revenue from business type activities. The District's expenses primarily relate to instruction and support services, which account for 93% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$5,302,809 and expenses were \$5,053,636.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5 Total and Net Cost of Governmental Activities (Expressed in Thousands)		
	Total Cost of Services	Net Cost of Services
Instruction	\$ 3,257	2,100
Support services	1,454	1,421
Non-instructional programs	1	1
Other expenses	<u>342</u>	<u>181</u>
Totals	<u>\$ 5,054</u>	<u>3,703</u>

- The cost financed by users of the District's programs was \$3,703,052.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$720,433.
- The net cost of governmental activities was financed with \$2,096,135 in property and other taxes and \$1,714,647 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$222,819 and expenses were \$228,602. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

INDIVIDUAL FUND ANALYSIS

As previously noted, Lynnville-Sully Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,212,022, up from last year's ending fund balances of \$1,060,787.

Governmental Fund Highlights

- The General Fund balance decreased from \$782,742 to \$755,716 due in part to increased transportation costs.
- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from a deficit of \$13,271 in fiscal 2007 to a balance of \$93,676 in fiscal 2008.
- The Capital Projects Fund balance increased from \$140,023 in fiscal 2007 to \$207,042 in fiscal 2008.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$74,325 at June 30, 2007 to \$68,542 at June 30, 2008, representing a decrease of approximately 8%.

BUDGETARY HIGHLIGHTS

The District's receipts were \$412,664 higher than budgeted, a variance of 8%. The most significant variance resulted from the District receiving more in Local sources than originally anticipated.

Total expenditures were slightly more than budgeted, due primarily to the District's budget for the General Fund and support services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the District had invested \$4.8 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 6 to the financial statements. Depreciation expense for the year was \$212,094.

The original cost of the District's capital assets was \$8.2 million.

The largest change in capital asset activity during the year occurred in the buildings category. The District's buildings totaled \$6,632,601 at June 30, 2008, compared to \$6,537,052 at June 30, 2007.

Figure A-6 Capital Assets, net of Depreciation (Expressed in Thousands)							
	Governmental Activities		Business type Activities		Total District		Total Change
	June 30,		June 30,		June 30,		June 30,
	2008	2007	2008	2007	2008	2007	2007-2008
Land	\$ 116	116	-	-	116	116	0.0%
Buildings	4,144	4,184	-	-	4,144	4,184	-1.0%
Improvements other than buildings	133	137	-	-	133	137	-2.9%
Furniture and equipment	444	450	13	15	457	465	-1.7%
Totals	\$ 4,837	4,887	13	15	4,850	4,902	-1.1%

Long-Term Debt

At June 30, 2008 the District had \$2,356,420 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 6.7% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 7 to the financial statements.

Figure A-7 Outstanding Long-Term Obligations (Expressed in Thousands)			
	Total District		Total Change
	June 30,		June 30,
	2008	2007	2007-2008
General obligation bonds	\$ 2,340	2,470	-5.3%
Early retirement	16	54	
Totals	\$ 2,356	2,524	-6.7%

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Karla De Cook, District Secretary/Treasurer and Business Manager, Lynnville-Sully Community School District, Sully, Iowa, 50251.

Basic Financial Statements

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
June 30, 2008

	Governmental Activities	Business Type Activities	Total
Assets			
Cash and cash equivalents:			
ISCAP	\$ 257,078	-	257,078
Other	1,440,190	53,336	1,493,526
Receivables:			
Property tax:			
Delinquent	15,391	-	15,391
Succeeding year	1,705,423	-	1,705,423
Accounts	1,489	79	1,568
Accrued interest:			
ISCAP	98	-	98
Due from other governments	338,651	-	338,651
Inventories	-	3,642	3,642
Capital assets, net of accumulated depreciation	4,837,457	13,150	4,850,607
Total assets	8,595,777	70,207	8,665,984
Liabilities			
Accounts payable	180,759	1,665	182,424
Salaries and benefits payable	384,225	-	384,225
Accrued interest payable	8,871	-	8,871
Unearned revenue:			
Succeeding year property tax	1,705,423	-	1,705,423
ISCAP warrants payable	255,000	-	255,000
ISCAP accrued interest payable	98	-	98
ISCAP unamortized premium	4,373	-	4,373
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	135,000	-	135,000
Early retirement	16,420	-	16,420
Portion due after one year:			
General obligation bonds payable	2,205,000	-	2,205,000
Total liabilities	4,895,169	1,665	4,896,834
Net assets			
Invested in capital assets, net of related debt	2,497,457	13,150	2,510,607
Restricted for:			
Management levy	6,351	-	6,351
Physical plant and equipment levy	93,676	-	93,676
Capital projects	207,042	-	207,042
Other special revenue purposes	140,714	-	140,714
Unrestricted	755,368	55,392	810,760
Total net assets	\$ 3,700,608	68,542	3,769,150

See notes to financial statements.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

Functions/Programs	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,957,163	328,823	440,031	-
Special instruction	690,651	49,561	83,031	-
Other instruction	608,746	251,767	3,346	-
	3,256,560	630,151	526,408	-
Support Service:				
Student services	99,270	-	-	-
Instructional staff services	147,023	-	-	-
Administration services	578,649	-	-	-
Operating and maintenance of plant services	382,731	-	-	-
Transportation services	246,262	-	32,682	-
	1,453,935	-	32,682	-
Non-instructional programs	1,316	-	-	-
Other expenditures:				
Facilities acquisition	68,663	-	-	-
Long-term debt interest	111,819	-	-	-
AEA flowthrough	161,343	-	161,343	-
	341,825	-	161,343	-
Total governmental activities	5,053,636	630,151	720,433	-
Business type activities:				
Non-instructional programs:				
Nutrition services	228,602	159,091	63,326	-
	228,602	159,091	63,326	-
Total primary government	\$ 5,282,238	789,242	783,759	-

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
Governmental Activities	Business type Activities	Total
(1,188,309)	-	(1,188,309)
(558,059)	-	(558,059)
(353,633)	-	(353,633)
(2,100,001)	-	(2,100,001)
(99,270)	-	(99,270)
(147,023)	-	(147,023)
(578,649)	-	(578,649)
(382,731)	-	(382,731)
(213,580)	-	(213,580)
(1,421,253)	-	(1,421,253)
(1,316)	-	(1,316)
(68,663)	-	(68,663)
(111,819)	-	(111,819)
-	-	-
(180,482)	-	(180,482)
(3,703,052)	-	(3,703,052)
-	(6,185)	(6,185)
-	(6,185)	(6,185)
(3,703,052)	(6,185)	(3,709,237)

Exhibit B

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

	Program Revenues			
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Totals continued from previous pages	\$ 5,282,238	789,242	783,759	-
General Revenues:				
Property tax levied for:				
General purposes				
Debt service				
Capital outlay				
Local option sales and services tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Gifts to Lynnville-Sully Community School District				
Gain (loss) on sale of assets				
Total general revenues				
Change in net assets				
Net assets beginning of year				
Net assets end of year				
See notes to financial statements.				

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Assets</u>		
Governmental Activities	Business type Activities	Total
(3,703,052)	(6,185)	(3,709,237)
1,523,657	-	1,523,657
140,631	-	140,631
140,900	-	140,900
290,947	-	290,947
1,714,647	-	1,714,647
87,722	402	88,124
2,762	-	2,762
50,959	-	50,959
(201)	-	(201)
3,952,024	402	3,952,426
248,972	(5,783)	243,189
3,451,636	74,325	3,525,961
\$ 3,700,608	68,542	3,769,150

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2008

	General	Debt Service	Capital Projects	Non-major Special Revenue	Total
Assets					
Cash and pooled investments:					
ISCAP	\$ 257,078	-	-	-	257,078
Other	958,189	7,199	195,121	279,681	1,440,190
Receivables:					
Property tax:					
Current year delinquent	12,620	1,324	-	1,447	15,391
Succeeding year	1,402,155	141,756	-	161,512	1,705,423
Accounts	-	-	-	1,489	1,489
Accrued interest:					
ISCAP	98	-	-	-	98
Due from other funds	20,000	-	-	-	20,000
Due from other governments	321,127	-	17,524	-	338,651
Total assets	\$ 2,971,267	150,279	212,645	444,129	3,778,320
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 169,700	-	5,603	5,456	180,759
Salaries and benefits payable	384,225	-	-	-	384,225
Due to other funds	-	-	-	20,000	20,000
Early retirement payable	-	-	-	16,420	16,420
ISCAP warrants payable	255,000	-	-	-	255,000
ISCAP accrued interest payable	98	-	-	-	98
ISCAP unamortized premium	4,373	-	-	-	4,373
Deferred revenue:					
Succeeding year property tax	1,402,155	141,756	-	161,512	1,705,423
Total liabilities	2,215,551	141,756	5,603	203,388	2,566,298
Fund balances:					
Reserved for debt service	-	8,523	-	-	8,523
Unreserved	755,716	-	207,042	240,741	1,203,499
Total fund balances	755,716	8,523	207,042	240,741	1,212,022
Total liabilities and fund balances	\$ 2,971,267	150,279	212,645	444,129	3,778,320

See notes to financial statements.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
June 30, 2008

Total fund balances of governmental funds (Exhibit C) \$ 1,212,022

***Amounts reported for governmental activities in the
statement of net assets are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

4,837,457

Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.

(8,871)

Long-term liabilities, including bonds payable and early retirement, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

(2,340,000)

Net assets of governmental activities (Exhibit A)

\$ 3,700,608

See notes to financial statements.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2008

	General	Debt Service	Capital Projects	Non-major Governmental Funds	Total
Revenues:					
Local sources:					
Local tax	\$ 1,464,248	140,631	290,947	200,309	2,096,135
Tuition	279,487	-	-	-	279,487
Other	176,021	1,174	35,152	279,760	492,107
State sources	2,259,724	-	-	-	2,259,724
Federal sources	175,356	-	-	-	175,356
Total revenues	4,354,836	141,805	326,099	480,069	5,302,809
Expenditures:					
Current:					
Instruction:					
Regular instruction	1,864,694	-	-	53,249	1,917,943
Special instruction	665,827	-	-	-	665,827
Other instruction	326,696	-	-	253,916	580,612
	2,857,217	-	-	307,165	3,164,382
Support services:					
Student services	80,490	-	-	575	81,065
Instructional staff services	112,032	-	-	237	112,269
Administration services	569,629	-	-	5,969	575,598
Operation and maintenance of plant services	334,150	-	-	45,895	380,045
Transportation services	267,501	-	-	2,063	269,564
	1,363,802	-	-	54,739	1,418,541
Non-instructional programs	-	-	-	1,316	1,316
Other expenditures:					
Facilities acquisition	-	-	159,080	5,132	164,212
Long-term debt:					
Principal	-	130,000	-	-	130,000
Interest and fiscal charges	-	112,280	-	-	112,280
AEA flowthrough	161,343	-	-	-	161,343
	161,343	242,280	159,080	5,132	567,835
Total expenditures	4,382,362	242,280	159,080	368,352	5,152,074
Excess (deficiency) of revenues over (under) expenditures	(27,526)	(100,475)	167,019	111,717	150,735
Other financing sources (uses):					
Operating transfers in (out)	-	100,000	(100,000)	-	-
Sale of equipment	500	-	-	-	500
Total other financing sources (uses)	500	100,000	(100,000)	-	500
Net change in fund balances	(27,026)	(475)	67,019	111,717	151,235
Fund balances beginning of year	782,742	8,998	140,023	129,024	1,060,787
Fund balances end of year	\$ 755,716	8,523	207,042	240,741	1,212,022

See notes to financial statements.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year ended June 30, 2008

Net change in fund balances - total governmental funds (Exhibit E) \$ 151,235

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 163,652	
Less loss on retirement of capital assets	(701)	
Depreciation expense	(212,094)	(49,143)

Repayment of long-term debt principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets.

130,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due.

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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Early retirement		16,419
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Change in net assets of governmental activities (Exhibit B)

\$ 248,972

See notes to financial statements.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2008

	School Nutrition
Assets	
Current assets:	
Cash and investments	\$ 53,336
Accounts receivable	79
Inventories	3,642
Total current assets	<u>57,057</u>
Non-current assets:	
Property and equipment:	
Machinery and equipment	157,870
Accumulated depreciation	<u>(144,720)</u>
Total non-current assets	<u>13,150</u>
Total assets	<u><u>70,207</u></u>
Liabilities	
Current liabilities:	
Accounts payable	<u>1,665</u>
Total current liabilities	<u><u>1,665</u></u>
Net Assets	
Invested in capital assets, net of related debt	13,150
Unrestricted	<u>55,392</u>
Total net assets	<u><u>\$ 68,542</u></u>

See notes to financial statements.

Exhibit H

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUND
 Year ended June 30, 2008

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	<u>\$ 159,091</u>
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Depreciation	2,134
Other	226,468
Total operating expenses	<u>228,602</u>
Operating loss	<u>(69,511)</u>
Non-operating revenue:	
Local sources	402
State sources	2,600
Federal sources	60,726
Total non-operating revenue	<u>63,728</u>
Change in net assets	(5,783)
Net assets beginning of year	<u>74,325</u>
Net assets end of year	<u><u>\$ 68,542</u></u>

See notes to financial statements.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year ended June 30, 2008

	School Nutrition
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 159,012
Cash payments to employees for services	(120,357)
Cash payments to suppliers for goods or services	(95,561)
Net cash used by operating activities	<u>(56,906)</u>
Cash flows from non-capital financing activities:	
State grants received	2,600
Federal grants received	48,088
Net cash provided by non-capital financing activities	<u>50,688</u>
Cash flows from investing activities:	
Interest on investments	<u>402</u>
Net decrease in cash and cash equivalents	(5,816)
Cash and cash equivalents at beginning of year	<u>59,152</u>
Cash and cash equivalents at end of year	<u><u>\$ 53,336</u></u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (69,511)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Commodities used	12,638
Depreciation	2,134
(Increase) in accounts receivable	(79)
(Increase) in inventories	(193)
Increase in accounts payable	1,665
(Decrease) in salaries and benefits payable	(3,560)
Net cash used by operating activities	<u><u>\$ (56,906)</u></u>
Reconciliation of cash and cash equivalents at year end to specific assets included on Combined Balance Sheet:	
Current assets:	
Cash	\$ 53,336
Cash and cash equivalents at year end	<u><u>\$ 53,336</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2008, the District received federal commodities valued at \$12,638.

See notes to financial statements.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

(1) Summary of Significant Accounting Policies

Lynnvile-Sully Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the cities of Lynnvile, Sully, Searsboro and Killduff, Iowa and the predominate agricultural territory in Jasper, Poweshiek and Mahaska counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Lynnvile-Sully Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Lynnvile-Sully Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organization - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Jasper County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

Fund accounting - The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net assets, revenues and expenditures or expenses, as appropriate. The District has the following funds:

Governmental Fund Types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

General Fund: The General Fund accounts for all sources used to finance District operation and maintenance, except those required to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund is utilized to account for the payment of interest and principal on the District's general long-term debt.

Capital Projects Fund: The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The other governmental funds of the District are considered non-major and are as follows:

Special Revenue Funds: The Special Revenue Funds account for the revenue sources that are legally restricted to expenditures for specific purposes. These funds consist of the following:

Student Activity Funds: This fund accounts for transactions that occur due to student-related activities from groups and organizations such as athletic and activity events, fundraising and other extra-curricular or co-curricular activities.

Management Fund: This fund is authorized by Iowa Code Section 298.4 and accounts for transactions related to unemployment, early retirement, judgments and settlements and the cost of liability insurance as it relates to property and casualty.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Physical Plant and Equipment Levy (PPEL) Fund: This fund is authorized by Iowa Code 298.2 and accounts for transactions related to the improvement of facilities and grounds, construction of school houses, certain equipment expenditures and other expenditures authorized in Iowa Code 298.3.

Proprietary Fund Types: Proprietary fund types are used to account for the District's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows. The following are the District's proprietary funds:

Enterprise Funds: Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the District has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District has elected to apply all applicable Financial Accounting Standards Board (FASB) pronouncements, issued on or before November 30, 1989, except for those pronouncements which conflict with or contradict GASB pronouncements.

The following enterprise fund of the District is considered non-major:

School Nutrition Fund: This fund accounts for transactions related to the school lunch, breakfast and summer food programs authorized by Iowa Code 283A.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2006 assessed property valuations; is for the tax accrual period July 1, 2007 through June 30, 2008 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2007.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 3,500
Buildings	3,500
Improvements other than buildings	3,500
Furniture and equipment	3,500

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Deferred and Unearned Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year's property tax receivable.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

Unearned revenue on the Statement of Net Assets consists of the succeeding year's property tax receivable that will not be recognized as revenue until the year for which it is levied.

Long-term liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2008, expenditures exceeded the amount budgeted in the instruction functional area.

(2) **Cash and Pooled Investments**

The District's deposits in banks at June 30, 2008 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

(3) **Due From and Due to Other Funds**

The detail of interfund receivables and payables at June 30, 2008 is as follows:

Receivable Fund	Payable Fund	Amount
General	Management	\$ 20,000

(4) **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2008 is as follows:

Transfer to	Transfer from	Amount
Debt Service	Capital Projects	\$ 100,000

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

(5) Iowa School Cash Anticipation Program (ISCAP)

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2008 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investment	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2008-09A	6/26/2008	6/25/2009	\$ 257,078	98	255,000	98
Total			<u>\$ 257,078</u>	<u>98</u>	<u>255,000</u>	<u>98</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount.

The warrants bear interest and available proceeds of the warrants are invested at the interest rates shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2008-09A	3.50%	3.469%

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

(6) Capital Assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 116,125	-	-	116,125
Total capital assets not being depreciated	116,125	-	-	116,125
Capital assets being depreciated:				
Buildings	6,537,052	95,549	-	6,632,601
Improvements other than buildings	278,926	-	-	278,926
Furniture and equipment	1,390,770	68,103	23,076	1,435,797
Total capital assets being depreciated	8,206,748	163,652	23,076	8,347,324
Less accumulated depreciation for:				
Buildings	2,352,946	135,099	-	2,488,045
Improvements other than buildings	141,887	4,472	-	146,359
Furniture and equipment	941,440	72,523	22,375	991,588
Total accumulated depreciation	3,436,273	212,094	22,375	3,625,992
Total capital assets being depreciated, net	4,770,475	(48,442)	701	4,721,332
Governmental activities capital assets, net	\$ 4,886,600	(48,442)	701	4,837,457
Business type activities:				
Furniture and equipment	\$ 161,683	-	3,813	157,870
Less accumulated depreciation	146,399	2,134	3,813	144,720
Business type activities capital assets, net	\$ 15,284	(2,134)	-	13,150

Depreciation expense was charged by the District as follows:

Governmental activities:

Instruction:

Regular	\$ 59,579
Special	24,824
Other	28,134

Support services:

Student services	18,205
Instructional staff	34,754
Administration	3,051
Operation and maintenance of plant	2,686
Transportation	40,861
	212,094

Unallocated depreciation

Total governmental activities depreciation expense	\$ 212,094
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Business type activities:

Food services	\$ 2,134
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LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

(7) Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2008 are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
General obligation bonds	\$ 2,470,000	-	130,000	2,340,000	135,000
Early retirement	53,952	-	37,532	16,420	16,420
	<u>\$ 2,523,952</u>	<u>-</u>	<u>167,532</u>	<u>2,356,420</u>	<u>151,420</u>

General Obligation Bonds Payable

Details of the District's June 30, 2008 general obligation bonded indebtedness are as follows:

Year ending June 30,	Interest Rates	Principal	Interest	Total
2009	4.55%	\$ 135,000	106,455	241,455
2010	4.57%	140,000	100,718	240,718
2011	4.59%	145,000	94,768	239,768
2012	4.61%	150,000	88,605	238,605
2013	4.65%	160,000	82,230	242,230
2014	4.68%	170,000	75,350	245,350
2015	4.71%	175,000	67,870	242,870
2016	4.74%	185,000	59,995	244,995
2017	4.77%	195,000	51,485	246,485
2018	4.80%	205,000	42,515	247,515
2019	4.84%	215,000	32,880	247,880
2020	4.85%	225,000	22,560	247,560
2021	4.90%	240,000	11,760	251,760
Total		<u>\$ 2,340,000</u>	<u>837,191</u>	<u>3,177,191</u>

(8) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.90% of their annual covered salary and the District is required to contribute 6.05% of annual covered payroll for the year ended June 30, 2008. Plan members were required to contribute 3.70% of their annual salary and the District was required to contribute 5.75% of annual covered payroll for the years ended June 30, 2007 and 2006. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$156,889, \$139,317, and \$135,395, respectively, equal to the required contributions for each year.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2008

(9) Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible employees must have completed at least twenty years of continuous service to the District and must have reached the age of fifty-five on or before August 1 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

Early retirement benefits are calculated as the difference between the employee's current salary exclusive of all supplemental or extended year pay and \$25,000. In addition, employees separating under this policy will be paid for accrued sick leave at the rate of 1/10 of their per diem pay per day of accumulated, unused sick leave, to a maximum of 120 days.

The employee shall receive their total benefit in two equal payments, with the first payment in July of the year of separation and the second in July of the year following separation from the District. At June 30, 2008, the District had obligations to two participants with a total liability of \$16,420.

(10) Risk Management

The District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(11) Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$161,343 for the year ended June 30, 2008 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

Required Supplementary Information

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN BALANCES - BUDGET AND ACTUAL - ALL GOVERNMENTAL
FUNDS AND PROPRIETARY FUND
REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2008

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amounts Original and Final	Final to Actual Variance- Positive (Negative)
Revenues:					
Local sources	\$ 2,867,729	159,493	3,027,222	2,772,662	254,560
State sources	2,259,724	2,600	2,262,324	2,150,302	112,022
Federal sources	175,356	60,726	236,082	190,000	46,082
Total revenues	5,302,809	222,819	5,525,628	5,112,964	412,664
Expenditures:					
Instruction	3,164,382	-	3,164,382	2,952,000	(212,382)
Support services	1,418,541	-	1,418,541	1,475,700	57,159
Noninstructional programs	1,316	228,602	229,918	250,800	20,882
Other expenditures	567,835	-	567,835	688,718	120,883
Total expenditures	5,152,074	228,602	5,380,676	5,367,218	(13,458)
Excess (deficiency) of revenues over (under) expenditures	150,735	(5,783)	144,952	(254,254)	399,206
Other financing sources, net	500	-	500	10,000	(9,500)
Excess (deficiency) of revenues and other financing sources over (under) expenditures	151,235	(5,783)	145,452	(244,254)	389,706
Balances beginning of year	1,060,787	74,325	1,135,112	718,370	416,742
Balances end of year	\$ 1,212,022	68,542	1,280,564	474,116	806,448

See accompanying independent auditor's report.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2008

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on a GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2008, expenditures in the instruction function exceeded the amount budgeted.

Other Supplementary Information

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
June 30, 2008

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Assets				
Cash and pooled investments	\$ 42,204	144,681	92,796	279,681
Receivables:				
Property tax:				
Current year delinquent	567	-	880	1,447
Succeeding year	65,000	-	96,512	161,512
Accounts	-	1,489	-	1,489
Total assets	\$ 107,771	146,170	190,188	444,129
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ -	5,456	-	5,456
Due to other funds	20,000	-	-	20,000
Early retirement payable	16,420	-	-	16,420
Deferred revenue:				
Succeeding year property tax	65,000	-	96,512	161,512
Total liabilities	101,420	5,456	96,512	203,388
Fund equity:				
Unreserved, undesignated fund balance	6,351	140,714	93,676	240,741
Total liabilities and fund equity	\$ 107,771	146,170	190,188	444,129

See accompanying independent auditor's report.

Schedule 2

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 NON-MAJOR SPECIAL REVENUE FUNDS
 Year ended June 30, 2008

	Special Revenue			Total
	Management Levy	Student Activity	Physical Plant and Equipment Levy	
Revenues:				
Local sources:				
Local tax	\$ 59,409	-	140,900	200,309
Other	2,580	276,123	1,057	279,760
Total revenues	61,989	276,123	141,957	480,069
Expenditures:				
Current:				
Instruction:				
Regular instruction	33,846	-	19,403	53,249
Other instruction	-	253,916	-	253,916
Support Services:				
Student services	575	-	-	575
Instructional staff services	237	-	-	237
Administration services	2,754	3,215	-	5,969
Operation and maintenance of plant services	34,203	1,217	10,475	45,895
Transportation services	2,063	-	-	2,063
Non-instructional program	1,316	-	-	1,316
Other expenditures:				
Facilities acquisition	-	-	5,132	5,132
Total expenditures	74,994	258,348	35,010	368,352
Excess (deficiency) of revenues over (under) expenditures	(13,005)	17,775	106,947	111,717
Fund balance beginning of year	19,356	122,939	(13,271)	129,024
Fund balance end of year	\$ 6,351	140,714	93,676	240,741

See accompanying independent auditor's report.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS, STUDENT ACTIVITY ACCOUNTS

Year ended June 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Athletic Booster Club	\$ 16,167	33,920	28,404	21,683
Drill Team	512	3,795	3,946	361
ITED Incentives	2,537	1,228	1,000	2,765
Weightlifting	135	1,537	536	1,136
Instrumental Concerts	-	885	885	-
Instrumental Resale	249	2,776	3,025	-
Vocal Concerts	-	101	101	-
Music Booster Club	7,260	8,198	3,567	11,891
Music Boosters Uniforms	655	715	-	1,370
Academic Booster Club	5,043	7,554	6,645	5,952
High School Annual (Yearbook)	12,465	23,163	16,167	19,461
Junior High Annual	3,504	2,200	2,156	3,548
Speech and Drama	-	1,748	1,748	-
Cheerleaders	1,199	2,903	2,921	1,181
Co-Ed Athletics	8,704	33,982	33,104	9,582
Basketball	-	5,430	5,030	400
Football	3,634	7,340	8,487	2,487
Baseball	(108)	2,199	2,118	(27)
Track / Cross Country	561	23	420	164
Golf	-	270	-	270
Wrestling	11	1,386	672	725
Volleyball	1,048	1,562	1,329	1,281
Softball	1,760	6,206	7,752	214
F.C.A.	737	764	818	683
F.F.A.	7,966	17,687	17,932	7,721
National Honor Society	370	1,190	1,472	88
High School Student Council	6,365	9,715	9,040	7,040
Junior High Student Council	7,303	19,532	17,951	8,884
Class of 2007	908	-	908	-
Class of 2008	4,174	5,296	8,351	1,119
Class of 2009	4,378	5,606	5,927	4,057
Class of 2010	2,173	3,390	182	5,381
Class of 2011	-	4,607	2,485	2,122
Class of 2018	-	2,623	2,185	438
Spanish Club	135	-	-	135
Science Club	332	-	332	-
Padlocks	410	492	381	521
Activity Card	1,615	1,500	602	2,513
Interest	2,545	2,922	147	5,320
After Prom Party	113	16,482	16,442	153
Math Club	2,330	5,481	4,948	2,863

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUNDS, STUDENT ACTIVITY ACCOUNTS
Year ended June 30, 2008

Account	Balance Beginning of Year	Revenues	Expendi- tures	Balance End of Year
Eighth Grade Banquet	159	2,770	2,435	494
Athletic Booster - LL and Soccer	6,906	4,917	6,965	4,858
Art Club	1,460	8,614	8,327	1,747
Drama - Middle School	-	194	194	-
Hawk Talk	5,559	25	5,584	-
Jazz Band	225	35	127	133
Concession Stand	1,440	13,160	14,600	-
Totals	\$ 122,939	276,123	258,348	140,714

See accompanying independent auditor's report.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 ALL GOVERNMENTAL FUNDS
 FOR THE LAST SEVEN YEARS

	Modified Accrual Basis						
	2008	2007	2006	2005	2004	2003	2002
Revenues:							
Local sources:							
Local tax	\$ 2,096,135	2,030,294	1,946,651	1,601,563	1,724,141	1,834,207	1,605,992
Tuition	279,487	286,278	270,715	254,227	234,372	229,776	213,400
Other	492,107	513,387	642,764	812,954	677,403	357,558	367,557
Intermediate sources	-	-	-	-	-	4,151	6,770
State sources	2,259,724	2,198,030	2,145,914	1,847,808	1,780,259	1,777,670	1,724,070
Federal sources	175,356	185,570	113,297	148,122	118,072	136,851	63,660
Total	<u>\$ 5,302,809</u>	<u>5,213,559</u>	<u>5,119,341</u>	<u>4,664,674</u>	<u>4,534,247</u>	<u>4,340,213</u>	<u>3,981,449</u>
Expenditures:							
Instruction:							
Regular instruction	\$ 1,917,943	1,794,640	1,708,092	1,588,743	1,608,616	1,515,256	1,450,933
Special instruction	665,827	656,680	766,259	628,435	553,353	501,199	363,015
Other instruction	580,612	559,788	401,269	707,540	605,766	521,873	621,942
Support services:							
Student services	81,065	79,132	75,984	76,611	74,035	130,227	100,841
Instructional staff services	112,269	69,720	110,692	91,545	85,689	82,792	100,881
Administration services	575,598	554,684	490,049	484,750	475,768	483,767	481,490
Operation and maintenance of plant services	380,045	388,497	313,949	292,393	303,195	279,515	257,586
Transportation services	269,564	337,613	312,777	216,996	264,851	203,201	251,563
Non-instructional programs	1,316	788	728	1,304	5,960	2,097	1,822
Other expenditures:							
Facilities acquisition	164,212	80,031	930,616	133,660	644,711	2,440,074	205,878
Long-term debt:							
Principal	130,000	125,000	120,000	115,000	110,000	60,000	25,000
Interest and other charges	112,280	117,592	122,693	127,580	132,255	179,490	31,250
AEA flowthrough	161,343	156,987	147,838	139,489	141,990	153,505	151,184
Total	<u>\$ 5,152,074</u>	<u>4,921,152</u>	<u>5,500,946</u>	<u>4,604,046</u>	<u>5,006,189</u>	<u>6,552,996</u>	<u>4,043,385</u>

See accompanying independent auditor's report.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

**Van Maanen
& ASSOCIATES, P.C.**

Certified Public Accountants

705 Main St.
Pella, IA 50219
641-628-3737

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance
and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Lynnvile-Sully Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Lynnvile-Sully Community School District, Lynnvile-Sully, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements listed in the table of contents and have issued our report thereon dated October 3, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lynnvile-Sully Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Lynnvile-Sully Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Lynnvile-Sully Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies and other deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Lynnvile-Sully Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of Lynnvile-Sully Community School District's financial statements that is more than inconsequential will not be prevented or detected by Lynnvile-Sully Community School District's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Lynnville-Sully Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items II-A-08 is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lynnville-Sully Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part IV of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Lynnville-Sully Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit Lynnville-Sully Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Lynnville-Sully Community School District and other parties to whom Lynnville-Sully Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Lynnville-Sully Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Van Maanen & Associates, P.C.

Van Maanen & Associates, P.C.
Certified Public Accountants

October 3, 2008

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year ended June 30, 2008

Part I: Summary of the Independent Auditor's Results

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE

No matters were noted.

SIGNIFICANT DEFICIENCIES

II-A-08 Segregation of Duties – The limited number of office personnel prevents a proper segregation of accounting functions necessary to assure adequate internal control. This is not unusual in school Districts of your size, but the Board should constantly be aware of this condition and realize that concentration of duties and responsibilities in a limited number of individuals is not desirable from a control point of view. Under these conditions, the most effective controls lie in the Board's knowledge of matters relating to the District's operations.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances.

Response - We will continue to investigate alternatives to this problem.

Conclusion - Response accepted.

Part III: Other Findings Related to Statutory Reporting:

III-A-08 Certified Budget - Expenditures for the year ended June 30, 2008, exceeded the certified budget amount in the instruction functional area.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response – Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

III-B-08 Questionable Expenditures - No expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

LYNNVILLE-SULLY COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS

Year ended June 30, 2008

- III-C-08 Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- III-D-08 Business Transactions – No business transactions between the District and District officials or employees were noted.
- III-E-08 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- III-F-08 Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- III-G-08 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- III-H-08 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the District's investment policy were noted.
- III-I-08 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.